

# STATE OF COLORADO

## PUBLIC UTILITIES COMMISSION

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Vincent Majkowski, Commissioner  
R. Brent Alderfer, Commissioner  
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## Department of Regulatory Agencies

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Executive Director



Roy Romer  
Governor

January 10, 1997

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FCC MAIL ROOM

Office of the Secretary  
Federal Communications Commission  
Room 222, 1919 M Street, N.W.  
Washington, D.C. 20554

RE: CC Docket No. 96-45 Comments.

DOCKET FILE COPY ORIGINAL

Dear Secretary:

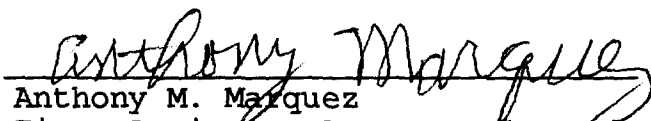
Colorado Public Utilities Commission ("COPUC") submits an original and four (4) copies of the attached Reply Comments of the Public Utilities Commission of the State of Colorado ("Reply Comments") in the above referenced case, which the COPUC submits to your office by Federal Express Mail on January 9, 1997.

In compliance with your notice (DA 96-2091, released December 12, 1996) we are also mailing a copy of the Reply Comments to: the Federal Communications Commission's copy contractor, International Transcription Service, Inc.; and, to each address on the service list attached to the notice.

Also, we are sending an electronic media copy of the Reply Comments, with the filename **cc96-45.110** to Sheryl Todd, Universal Service Branch, Accounting and Audits Division, Common Carrier Bureau, by Federal Express Mail, on a labeled 3.5 inch diskette in IBM, WordPerfect 5.1 for Windows format in read only mode.

Please find enclosed, an original and four (4) copies of the Certificate of Service of our mailing of the Reply Comments.

Respectfully submitted this 10th day of January, 1997.

  
Anthony M. Marquez  
First Assistant Attorney General  
Attorney for the Colorado  
Public Utilities Commission

cc: International Transcription Service, Inc. No. of Copies rec'd 049  
Sheryl Todd, Common Carrier Bureau List ABCDE

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

RECEIVED

JAN 10 1997

FCC MAIL ROOM

IN THE MATTER OF )  
 )  
FEDERAL-STATE JOINT BOARD ON )  
UNIVERSAL SERVICE )  
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CC Docket No. 96-45

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REPLY COMMENTS  
OF THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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January 10, 1997

In response to the "Common Carrier Bureau's Request for Comment on Universal Service Recommended Decision",<sup>1</sup> the Colorado Public Utilities Commission (Colorado) hereby respectfully submits the following reply comments:

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<sup>1</sup> Release November 18, 1996 by the Common Carrier Bureau of the Federal Communications Commission (FCC). Initial comments were due December 16, 1996. Reply comments are due January 10, 1997.

## **I. ISSUE 1 - PRINCIPLES:**

In general, Colorado believes that universal service funds should be used primarily to install facilities to enhance the telecommunications infrastructure of the United States. Colorado recognizes that affordable access to these facilities is important by, among other things, participation in the Lifeline and Link-Up programs, and recommends continued use or expansion of those program to directly address low income affordability. In all applications, Colorado urges proper scoping to contain the growth of universal service funds.

## **II. ISSUE 2 - LOW-INCOME:**

**A. Is the \$5.25 baseline amount suggested in the [Joint Board's] Recommended Decision likely to be adequate?**

The \$5.25 baseline amount suggested by the Joint Board is considered to be adequate by Colorado with three additional areas of concern. First, the CALC or line charge to customers should not be raised to that level because to do so undermines the basic affordability objective of universal service. Second, while the federal and state contributions to programs such as the Lifeline and Link Up programs have increased subscribership, the FCC should monitor the impact on subscribership of factors other than affordability, such as deposit requirements and disconnect

policies. Third, Colorado strongly urges that the Lifeline and Link Up programs be monitored closely to avoid unintended expansion or "runaway costs".

### III. ISSUE 3 - SCHOOLS/LIBRARIES:

A. What methods should the Commission use for identifying high cost areas for purposes of providing a greater discount to schools and libraries located in high cost areas?

B. What measures of economic advantage may be readily available to identify economically disadvantaged non-public schools and libraries, or if none, what information could be required that would be minimally burdensome?

Colorado currently has a funding mechanism to equalize the per student revenues for education throughout the State, so that each school district achieves rough funding parity with all others. As a result, the primary economic disadvantage that arises in Colorado, is the long distances between facilities primarily in rural areas. Colorado believes that universal service funds should be used to enable schools and libraries access to telecommunications facilities (access lines), but that such funds should NOT be used to provide inside wiring.

#### IV. ISSUE 4 - HEALTH CARE TO RURAL AREAS:

Colorado supports the Comments of the Colorado Library, Education and Healthcare Telecommunications Coalition (Colorado LEHTC) filed in this docket, including the following:

A. The State public utilities commissions (PUCs) should act as administrator of universal service funds allocated to each State, if they choose to do so, because: 1) they are the most knowledgeable of each State's needs, and 2) State mechanisms to implement and administer similar discounts already exist in several States. For those States that request this role, administrative funding should be provided from universal service funds, with appropriate oversight and accounting procedures.

B. Regarding disputes that may arise during service negotiations between telecommunications providers and eligible schools, libraries, and healthcare providers, the disputes should be resolved by the State PUC rather than a federal agency. The Joint Board did not identify a mechanism to address this matter in its Recommendations. We believe that it is an important item to be included in the FCC's rules.

C. The definition of "health-care providers" should be corrected to include providers serving residents in rural areas, not just those located in rural areas. This correction is

consistent with the guidelines stated in Sections 254(h)(1)(A) and 254(h)(5)(B) of the Telecommunications Act of 1996.

**V. ISSUE 5 - ADMINISTRATION (REVENUE BASE FOR FEDERAL SERVICE SUPPORT):**

**A. Should contributions for high cost and low-income support mechanisms be based on the intrastate and interstate revenues of carriers that provide interstate telecommunications services, based on the factors enumerated in the Recommended Decision?**

Colorado concurs with the dissents of Commissioners McClure and Schoenfelder that contributions for high cost and low-income support mechanisms should NOT be based on both the intrastate and interstate revenues of carriers that provide interstate telecommunications services, but rather should be based ONLY on the interstate revenues of those carriers. Colorado finds sound legal and public policy reasoning in the arguments presented in the written dissents of the two Commissioners.

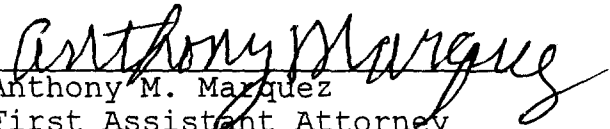
In the alternative, if the FCC adopts the majority opinion of the Joint Board and does base contributions on both the intrastate and interstate revenues of interstate carriers, Colorado urges that the FCC issue a Declaratory Ruling that States are also permitted to use both intrastate and interstate revenues of

telecommunications service providers in calculations for state universal service funds. This would remove distortions and avoid an incentive for the companies to book revenues primarily as interstate rather than actual.

Respectfully submitted,  
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Colorado Attorney General

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